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IP
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SECRET

CENTRAL INTELLIGENCE AGENCY

Project: **W-415**

OFFICE OF REPORTS AND ESTIMATES

Project Initiation Memorandum

Date: **15 May 1950**

To: **D/EE**

From: Publications Division, Projects Planning

Subject: **Economic conditions in Poland**

Statement of Project: **25X1A**

Origin: **Internal** [REDACTED]

Problem: **To provide specified information on economic conditions in Poland**

Scope: **The specifications in this problem are those earlier developed in similar exploratory conversations.**

Graphics (if any):

Form: **Memorandum (orig & 2)**

Draft due in D/Pub: **24 May 1950**

Responsible Division: **D/EE**

Dissemination deadline
(if any)
25 May 1950 or earlier

Internal Coordination: **As needed**

Departmental Responsibilities: **None**

Classification to be no higher than: **Secret**

Recommended Dissemination: **Requester only**

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Secret

Copies: D/EE (3)

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Project: P-115

OFFICE OF REPORTS AND ESTIMATES

25X1A

Project Initiation Memorandum

Date: 15 May 50

To: D/EE

From: Publications Division, Projects Planning

Subject: Economic conditions in Poland

Statement of Project: 25X1A

Origin: Internal

Problem: To provide specified information on economic conditions in Poland

Scope: The specifications in this problem are those ^{earlier} developed in explanatory conversations

Graphics (if any):

Form: Memorandum (orig + 2)

Draft due in D/Pub: 24 May 1950

Responsible Division: D/EE

Dissemination deadline
(if any)

25 May 1950 or earlier

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Departmental Responsibilities: None

Classification to be no higher than: Secret

Recommended Dissemination: Requester only

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1. Poland ✓ Econ. credit.

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50958

16 May 1950

MEMORANDUM FOR: D/Pub, ORE
ATTENTION : [REDACTED] 25X1A
SUBJECT : Poznan Industrial Situation
REFERENCE : Case [REDACTED] 25X1A

1. It is requested that the following information be supplied this office within 10 days:

a. Goods to be exhibited at the Poznan fair in May 1950.

b. Polish standard of living in percentages.

c. Industrial labor situation.

d. Price and availability of consumer goods.

e. Percentage of Polish products going to the Soviet orbit.

f. The economic benefits, if any, received by Poland for goods exported to the Soviet orbit.

2. Degree of need of this request is urgent.

25X1A

3. This memorandum confirms conversation between [REDACTED] of this office.

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[REDACTED]

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ROUTING AND RECORD SHEET

INSTRUCTIONS: Officer designations (see separate sheet) should be used in the "To" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "To" column. Each officer should initial (check mark insufficient) before further routing. This Record and Routing Sheet should be returned to Registry.

FROM:

ISB

16 May 1950

ACCESSION NO.

DATE RECEIVED IN S. A.

| TO | ROOM NO. | DATE | | OFFICER'S INITIALS | COMMENTS |
|-----------------------------------|-------------|----------|-----------|--------------------|----------|
| | | RECEIVED | FORWARDED | | |
| 1. D/Pub, ORE Attn: [REDACTED] | 2316 "M" | | | | |
| 2. 25X1A | | | | | |
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Note: The classification of this memorandum must be raised to conform to the classification of the draft it covers.

Date 26 MAY 1950

MEMORANDUM FOR CHIEF, PUBLICATIONS DIVISION

SUBJECT: Transmission of Draft Report

ENCLOSURE: IP-115 SELECTED INFORMATION ON THE
ECONOMIC SITUATION (2 copies)
IN IRLAND.

1. Enclosure is forwarded herewith for review and, if required, for formal coordination with the departmental intelligence organizations.

2. This draft report has been coordinated informally with the organizations checked below:

Within CIA:

| | | | |
|------|--------------------------|-------|--------------------------|
| D/GI | <input type="checkbox"/> | D/NO | <input type="checkbox"/> |
| D/In | <input type="checkbox"/> | D/IA | <input type="checkbox"/> |
| D/Tr | <input type="checkbox"/> | D/WE | <input type="checkbox"/> |
| D/EE | <input type="checkbox"/> | D/Ma | <input type="checkbox"/> |
| D/FE | <input type="checkbox"/> | D/EC | <input type="checkbox"/> |
| D/NE | <input type="checkbox"/> | Other | <input type="checkbox"/> |

Outside CIA:

| | |
|-----------------|--------------------------|
| State (OIR) | <input type="checkbox"/> |
| Army (ID/GSUSA) | <input type="checkbox"/> |
| Navy (ONI) | <input type="checkbox"/> |
| Air (AID) | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |

3. Maps and/or Graphics to be included in this report and arrangements completed for their production by the Map Division or the Presentation Staff are as follows:

4. Comments:

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Division

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SELECTED INFORMATION ON THE ECONOMIC SITUATION IN POLAND

IP-115

1. Goods exhibited at the Poznan Fair in May 1950

| <u>Displaying State</u> | <u>Commodities Displayed and Comments</u> |
|--------------------------------|---|
| Albania, Bulgaria, and Rumania | - Displays consisted of large handicraft exhibitions and some poor quality industrial goods. |
| Hungary | - A good display suggesting considerable economic development. Many modern consumer articles as well, and machinery and foodstuffs were exhibited. |
| Czechoslovakia | - Primarily consumers goods - radios, shoes, glassware. |
| Sov-zone | - Exhibition was much larger than last year. It was impressive for the number of precision articles, optical goods, electrical supplies, and automotive equipment displayed. Comment by Polish Official: Nearly every article had "strategic" appeal, but there was nothing of excellent quality or workmanship. |
| U.S.S.R. | - Display basically the same as last year's. Cutting, grinding and drilling machinery - "rather faithful copies of British and American machines". Large exhibit of slide rules, calipers, and squares. Out-door machinery display impressive only by bulk. Textiles of poor material, drab colors, and inferior to Polish display. Last year's fur display back again intact. (No evidence of electrolytic lathe.) |
| Poland | - Most notable improvement over last year's exhibit was in the improvement of display technique. Wide variety of machinery was exhibited including automotive and agricultural machinery. Quality was fairly good on the whole, but with a few changes in style all goods displayed could have been produced in 1930. |

Textile

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Poland (Cont.)

- Textile exhibition of cotton and wool fabrics was good. Materials were of quality, colors were pleasing, and patterns attractive. Arts and Crafts showed real progress over last year's display. Coal industry received little attention considering its place in the Polish economy. Exhibit consisted of small room lined with coal containing one oxygen mask and a few good pneumatic drills. Railroad, Construction, Industrial, and Machine Tool industries received considerably more emphasis than last year.

Western Europe

- Automotive displays by European branches of Ford and General Motors, General Motors of Denmark in particular. State displays from Switzerland, Italy and Sweden. These displays were impressive for the discriminating visitor but were not set up to the best advantage for impressing the general public, primarily because of the desire of the European firms to hold down costs at the exhibition.

2. Polish foreign trade with the U.S.S.R., the Peoples Democracies, and the Soviet-controlled zone of Germany amounted to 44 percent of total Polish trade in 1949. Plans for 1950 call for this segment of trade to be 50 percent of this year's total, with Soviet Union receiving 34 percent.

3. Economic benefits accruing to Poland in exchange for export of goods to the Soviet Orbit are:

A. Financial Assistance.

Under the terms of the Soviet-Polish Agreement signed 26 January 1948, Poland is to receive a long-term credit of \$450 million (U.S.) for capital equipment to be delivered between 1949 and 1956. Repayment of this credit is scheduled to begin after completion of delivery and will be made in goods largely produced on the machinery received under the credit.

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B. Poland Obtains the Following Imports:#

| <u>From Albania</u> | <u>From Bulgaria</u> | <u>From Hungary</u> | <u>From Rumania</u> |
|---------------------|----------------------|---------------------|---------------------|
| chrome | tobacco | machinery | oil products |
| copper | metal ores | rolled goods | lumber |
| pyrites | fruits | meats and fats | cereals |
| cotton | | aluminum | other foodstuffs |
| crude oil | | oil products | |
| tobacco | | pharmaceuticals | |

| <u>From the U.S.S.R.</u> | <u>From Czechoslovakia</u> |
|--|----------------------------|
| wheat, barley, cotton, wool, iron ore, | metal manufactures |
| manganese, chrome, oil products; | machinery |
| machinery - Automotive and tractors, | rolled goods |
| heavy agricultural machines, | chemicals |
| steel mill, pumps, | footwear |
| construction equipment; | refractories |
| ball bearings, | radio technical equipment |
| chemicals | tires |

Poland is, of course, at a considerable disadvantage in its trade with the U.S.S.R., despite the listed assistance received therefrom, because of the very unfavorable terms of trade (i.e. selling below world prices and buying above them), the poor quality of Soviet deliveries, and the slow delivery on the part of the U.S.S.R.

Commodities listed are either the chief imports by volume and value, or are of strategic importance.

C. Technical Assistance.

The U.S.S.R. is in the process of constructing a steel mill at Krakow under the terms of the January 1948 agreement. This construction is the prime example of Soviet technical assistance, for Soviet labor as well as technicians have been moved to Krakow for this installation. Although considerable assistance and advice is called for in the various Polish-Soviet pacts, major instances, other than the above, of performance

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are non-existent. An Institute for Metallurgy and Casting has been established at Gliwice apparently under Soviet direction, and Soviet engineers are present in Polish plants. These are inspectors, however, who are in Poland for quality control of goods designed for the U.S.S.R. rather than to aid Polish economic development.

Agreements for economic collaboration with Czechoslovakia call for mutual technical assistance. To date this apparently has consisted of little more than reciprocal factory visits by groups of engineers.

4. In general, the standard of living has increased steadily since 1945 but it is still 5 to 10 percent below 1938. The comparison to prewar however, is complicated by the existence of new special privilege groups. Some of the special trade union groups and party members now have a standard above prewar levels while many of the former well-to-do people have suffered a severe reduction.

Consumers' goods may be purchased in either the "free market" or in the "socialized market". The former represents the remnants of private trade and is not subject to state control. Prices in this market are generally high. The latter, controlled directly or indirectly by the state, has prices as low as one-half to one-third those in the "free market" on scarce items and approximately the same price on items that are more plentiful. In this market certain privileged groups including holders of trade union cards are entitled to priority in the purchase of scarce items. Other commodities on the socialized market are equally available to everyone. In the purchase of these items, which includes cereals, meat and potatoes, the privileged groups have

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little advantage.

Housing is still inadequate but has improved substantially above conditions existing in 1945. In the "Recovered Territories" the availability of housing is better than that in the rest of Poland. There are still many people living under badly over-crowded conditions. Holders of trade union cards however are accorded special privileges in obtaining low rent housing.

Clothing and footwear are in short supply and the quality is low. To buy these items on the "socialized market" one must have a trade union card and in some cases special coupons.

The vast majority of the population is relatively well fed even though the variety of foods is limited. There are ample supplies of cereals, potatoes, and sugar and meat,^{which} although limited in supply seems to be adequate to protect the health of the people. There has been a serious fat shortage but supplies now seem to be increasing. During the summer there is a wide variety of vegetables, but during the balance of the year the vegetables are limited to potatoes, endives, carrots, cabbages, turnips, salsify, and brussel sprouts.

5. The industrial labor situation in Poland appears to be improving.

Industrial employment has been increasing, and will continue to increase with the induction of women and youths, and transfers from agriculture, although perhaps not as rapidly as envisaged by the plan. Moreover, the labor force should develop more in accordance with the planned emphasis on the expansion of heavy industry, as a result of recent decrees providing for the allocation of new trainees and redi-

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rection of already employed skilled workers and specialists. At the same time, the volume of labor turnover should be diminished by the freezing of workers on certain jobs. Absenteeism may be reduced through the imposition of additional controls, and possibly, through improvements in living and working conditions.

Labor productivity is nearly up to prewar levels, although there have been some complaints of reduced productivity especially in the coal mining industry. Upward norm revisions may elicit higher productivity, but present limitations in equipment, material supply, and technical skills are the main impediments.

The shortage of skilled labor and technicians will continue, although extensive training programs and the reallocation of available personnel will improve the situation.

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